20 May 1971

MEMORANDUM FOR THE RECORD

SUBJECT: Robert D. Peloquin, President
International Intelligence, Inc. (INTERTEL)
839 17th Street, N. W.
Washington, D. C. 20006
Telephone: (202) 638-2179

The undersigned, seeking an employment opportunity in the District of Columbia area or in California, was introduced to Mr. Peloquin on May 10, 1971 by former Agency employee, (Alfred A. Pease) who is currently employed by INTERTEL.
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This unique corporation, probably created in 1970, first came to the attention of the undersigned when it was publicized in The Wall Street Journal on May 4, 1970. There had been an earlier article on April 26, 1970 in the financial section of The Sunday New York Times. The new concern has its headquarters in Washington, D. C. at the above address which also serves as the location of Mr. Peloquin's law firm. The Executive Vice President, John D. O'Connell, a former FBI agent and friend of the undersigned, maintains his office at 375 Park Avenue, New York City.

At the time of the first publicity, Mr. Peloquin said "His organization will seek to provide the necessary guidance and information to help legitimate companies from blundering into mergers, joint ventures or acquisitions with concerns secretly controlled by the Mafia and other mobsters." For the past several years, Mr. Peloquin, as Vice President of the corporation which controls INTERTEL, Resorts International, Inc., had been in charge of security for Resorts' owned gambling casino on Paradise Island in the Bahamas. He further said that the executives of INTERTEL did not "serve as detectives," they will be consultants only.

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The original publicity disclosed that in addition to Washington and New York INTERTEL would open offices in Chicago, Los Angeles, Philadelphia, and Canada. Just how many of these offices are presently opened and active is not known, but it is understood from (Al 03 Pease) that the Philadelphia office will not be opened because of the fact that Mr. J. Shane Creamer is the Pennsylvania Attorney General under a Democratic administration. Creamer was former head of the Pennsylvania Crime Commission. Just why INTERTEL made this change is not known but it would appear that they want no part of Mr. Creamer.

In spite of the initial publicity that INTERTEL executives were not would be "detectives," it would appear that since December of 1970 much of their active staff working out of the D. C. office have in fact become just exactly that. INTERTEL was engaged by the Hughes Tool Company to conduct a sweeping and exhaustive investigation into the affairs and past activities of Robert A. Maheu. Four or five years ago the Hughes Tool Company (Howard Hughes himself) allegedly entered into an oil contract with Robert A. Maheu Associates to perform a variety of services apparently undefined for the amount of $525,000 per year. Before the end of 1970 Maheu's contract was rescinded and attorneys for the Hughes Tool Company moved quickly to remove him from authority in the Nevada Operations. According to the newspapers this was done at the express request of Mr. Hughes himself. Preliminary litigation appalled this removal but shortly after the first of the year Maheu filed a suit against the Hughes Tool Company for $50 million to which he said he was entitled as damages for the cancellation of his "lifetime contract."

It is doubtful that there was any connection between INTERTEL and the Hughes Tool Company prior to early 1971. They were engaged as an investigative unit under a temporary contract to protect the assets of the Hughes Tool Company and to determine just exactly what Robert A. Maheu was up to. The first contract was temporary and indefinite but currently they are operating under a recently executed five year contract. Howard Hughes reportedly is living in one of the Bahaman hotels owned or operated by Resorts International.

There are those in Las Vegas who do not look on INTERTEL as the "good guys" on the local scene. The suave, popular Mr. Maheu, even though he was discharged and removed by the Hughes Tool Company, remains a popular figure winning considerable

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political influence in the county as opposed to the city of Las Vegas itself. Maheu is being vociferously defeated by the leading local newspaper, The Las Vegas Sun. President and Publisher Herman M. Greenspun has just concluded a series in The Sun in which he alleges that INTERTEL is in fact a front and instrumentally of organized crime--shocking if true, but not wholly impossible. The working staff for INTERTEL in Vegas is made up predominantly of ex-FBI agents and recently retired employees of the Internal Revenue Service. Peloquin himself is the former Chief of the Justice Department's Crime Strike Force, but little if anything has been publicized regarding the principles for controlling elements of Resorts International and its other subsidiaries. In January 1969 Resorts International made a bold yet futile move to seise control of Pan American World Airways by purchasing a 9.7 per cent stock interest. Pan Am naturally screamed and rushed to CAB for advice and support. The intercession of CAB was effective but it is believed that Resorts International did acquire perhaps half the stock that it had originally intended to purchase. The index for The Wall Street Journal for 1969 lists many references to Resorts International including one in October of that year regarding some bad publicity Resorts had received as a result of their management of the gambling casino on Paradise Island. There should be an abundance of other public information available about Resorts, its officers and principle investors with CAB, SEC and even the American Stock Exchange since it is a public corporation.

Snagging the Hughes Tool Company contract to investigate Robert A. Maheu Associates was certainly opportune and the contract is reported to run upward to a million dollars but the company's current role investigating Maheu seems inconsistent with its declared purpose unless Maheu himself is suspected of having been in touch with or ensnared by the Mafia.

Local allegations and publicity by The Las Vegas Sun could be ignored as irrelevent and as having no bearing on the Maheu-CIA relationship. Whether the allegations are evidence, it probably would be advisable to read this series of articles carefully.

There is a current rumor similar in nature to Greenspun's allegations that recently was indirectly brought to the undersigned's attention during the week of May 10th. A D. C. attorney, Bernard Fensterwald, 927 15th Street, N. W., Washington, D. C. commented to a friend, "It looks like may be the good guys (INTERTEL) are in fact the bad guys with the Mafia connections." Fensterwald did not

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mention The Las Vegas Sun series but claimed that The Miami Herald and The Washington Post were both about to break stories linking INTERTEL with organized crime.

When Maheu hurriedly relinquished his palatial offices which occupied one whole wing of the Frontier Hotel in Las Vegas, according to Al Pease, he took ten or twelve packing crates of records with him. In his haste, however, he appeared to overlook a box of 3 x 5 cards that were cross references to some of these records. The INTERTEL investigation, under the guidance of Pease and the Hughes Tool Company attorneys, will undertake to establish as nearly as possible exactly what Maheu was doing with his time and with the Hughes fortune. The Hughes attorneys are proceeding on the basis that if Maheu in fact did have a "contract for life," as he contends, then the Hughes Tool Company was entitled to 100 per cent of his time and "true and faithful service." At the outset and without the records the INTERTEL staff hardly knew where to look or to begin since they suspected kickbacks, siphoning of money into foreign numbered bank accounts and the purchase of false mining claims, just to name a few. Such investigation is costly and tedious but INTERTEL hopes to develop and reconstruct Maheu's pattern of activity from the date he gave up all of his other clients to work for the Hughes Tool Company (Howard Hughes) exclusively. Therefore they will thoroughly scrutinize any and all private deals, foreign or domestic, looking for concealed assets, evidence of kickbacks or foreign numbered bank accounts, etc. Preliminary court action, except to accomplish Maheu's removal, has been slow. Mr. Pease said that the Hughes Tool Company lawyers were in court in Las Vegas on April 18-20, 1971 but additional action or proceedings have been set down for June 25, 1971 and so it will probably ad infinitum. With Hughes resources he can hold out forever but the general consensus is that Maheu is already beginning to feel the financial pinch. Pease reported that a recent new business, a consulting service opened by Maheu in Las Vegas, had flopped. It would appear that Maheu first became indirectly associated with Howard Hughes in the early 1950's at a time when Hughes was entangled in extended Senate hearings with the then Senator Brewster of Maine. Maheu did some subcontract investigative work developing material which Mr. Hughes used during these hearings. If it has any significance or bearing to any current problems, Mr. Robert J. Flynn, a former Agency employee, could supply all details

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regarding this part of Maheu's life. It was Flynn who informed the undersigned some months ago that when Maheu secured employment with the former public administration in the 1950's his sponsor was Senator Margaret Chase Smith.

Some time in the early 1960's Maheu closed his D. C. office, picked up Hughes as a sole client and moved to Los Angeles. The undersigned is aware of this because he was in touch with him during the period 1962-1964. Simultaneously the undersigned was working out the details of a nonofficial cover arrangement with the Aircraft Division of the Hughes Tool Company in Culver City, California. Mr. Rhea Hopper, Vice President in Charge of the Aircraft Division was the principle cleared witting official. It is doubtful that details of this arrangement ever reached Mr. Hughes himself but because of Maheu's significant role he was cut in as a pickup for insurance. The undersigned did this himself. The investigative staff of INTERTEL will not be in this Maheu investigation alone. Already they have turned certain significant information over to the Internal Revenue Service. Mr. William A. Kolar, retired Director of the IRS Intelligence Division, is part of the INTERTEL staff on the scene in Vegas.

The name of Edward P. Morgan, a former FBI agent and prominent D. C. attorney, was mentioned by Mr. Pease. It seems that at some undisclosed date Morgan was engaged by the Hughes Tool Company. This would have no particular significance except for two things. (1) Morgan is one of Maheu's closest friends and business associates. (They had their heads together in 1963 in a deal under which they and other investors were trying to gain control of a large Los Angeles radio station that had its license rescinded by FCC). (2) Pease said that Morgan is still in the wings making noises to certain unnamed Hughes Tool Company officials to the effect that they had better take it easy on Maheu because of the past involvement with CIA in covert operations. Mr. Pease did not say exactly where he got his information and of course being uninformed was unable to appreciate its significant. It is not known whether Morgan still represents the Hughes Tool Company in any capacity but Al Pease disclosed privately to the undersigned that for past services Morgan had been paid almost a million dollars. INTERTEL has studied several approaches to Morgan through ex-FBI channels to discuss this veiled threat but he has not

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been approached. Certainly this is a strange arrangement if it has been allowed to continue. The Hughes Tool Company would do well to drop Morgan completely. As INTERTEL attempted to interview him it's doubtful that it would be productive. Just what Morgan might have to do if served with a subpoena is beyond the undersigned's comprehension. It seems reasonable to assume that Morgan picked up the Hughes Tool Company account through his good friend Maheu or his intercession. Naturally the INTERTEL investigators did not find a folder bearing the name Edward P. Morgan but they did find a 3 x 5 card indicating that there had been such a file. This prompting of Morgan and his approach to the Hughes Tool Company could only have come from one source, Maheu himself. Because he is attorney for the Hughes Tool Company, Morgan could not have been involved. It may never be known just how much Maheu has already told Morgan about his CIA relationship.

On May 10, 1971 Mr. (Pease) 03 said that Robert A. Maheu and Jack Anderson, the syndicated columnist, are known to be involved together in some oil mix deals. INTERTEL is looking into this and all such other similar matters to trace the source and disposition of funds. The recent expose by Jack Anderson regarding Maheu's role in the Cuban Revolution was a deliberate exposure instigated by Robert A. Maheu using his son Peter as an intermediary. 03 (Pease's) theory was that Maheu probably thought such publicity would "scare them off." The INTERTEL staff is aware of a series of recent contacts and meetings between Peter Maheu and Jack Anderson or a member of his staff.

Mr. (Pease) 03 is prepared to be reasonable in his investigation insofar as CIA interests are concerned but he cannot be intimidated, cannot ignore logical leads, and will not allow Maheu to use the Agency as a shield. He is prepared to discuss any reasonable approach.

In conclusion the undersigned respectfully requests that his name not be connected with any of the information reported herein. Much of it was volunteered by an old friend, (Al Pease) 03 in confidence and this confidence must be respected. Whether an employment offer is forthcoming is inconsequential.

John G. Southard

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